



Employee Satisfaction in Small and Medium Enterprises in Coimbatore District

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ABSTRACT

Employee satisfaction is considered as a significant factor for successful organizations. The concept of employee satisfaction has gained a special place from both academicians and practitioners. This study aims to provide a framework to determine the critical factors of employee satisfaction and to measure their effect on overall evaluation of employees in small and medium sized enterprises (SMEs) in Coimbatore District. Data analysis revealed that there is a positive relationship between the each factor of employee satisfaction which are named satisfaction from pay and rewards (P&B), satisfaction from co-workers (C), satisfaction from management (M), satisfaction from work environment (WE), satisfaction from Supervisor (S) and overall employee loyalty in SMEs. Furthermore, relevant recommendations and measures for improving the employee satisfaction are proposed.

KEYWORDS : Employee satisfaction, Employee loyalty, Human resource management

Introduction

The concept of employee satisfaction has been a focus for research and practice for the last two decades in particular and considered to be a critical issue for organizational performance. A number of scholars and management "Pundits" have stressed the importance of employee satisfaction and its influences on organizational performance as much as customer satisfaction. The concept of employee satisfaction is a multi-dimensional and inter disciplinary term that has attracted the attention of researchers and practitioners from different disciplines such as psychology, human resource management, organizational behaviour, TQM and so forth. There are a large number of studies that analyze the term from many different perspectives and its relationship with various organizational variables. However there is no universal definition of employee satisfaction that exposes all these dimensions at the same time. Most of the definitions emphasize the importance of employees' job-related perceptions that link the expectations of employees and what they receive in return. Some researchers focus on the overall job satisfaction or even life satisfaction of employees, whereas some others underline a variety of satisfaction facets such as satisfaction with pay, promotion, supervisor and co-workers. Experts describe job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job and job experiences. According to this, employee satisfaction is a "function of the perceived relationship between what one wants from one's job and what one perceives it as attained".

The relationship between "appropriate" HRM practices and positive employee attitudes including employee satisfaction, loyalty and productivity have been widely analyzed. It is also suggested that treating employees as a valuable asset improves their commitment and loyalty which leads to higher performance (productivity) and quality.

Research Objectives and Hypotheses

Based on the discussions here afore, employee satisfaction is composed of five main dimensions: satisfaction from pay and rewards (P&R), satisfaction from co-workers (C),

Satisfaction from management (M), satisfaction from work environment (WE), and satisfaction from supervisor (S). We suggest that these factors have direct effects on the employee loyalty and their performance. The research model adopted in this study is shown in Figure 1.

Figure 1. Conceptual Model



According to the framework of the research, five factors are assumed to influence overall employee satisfaction. These factors namely pay and reward, co-workers, management, work environment and supervisors are derived from the existing literature. The following hypotheses are then proposed to more formally state the underlying impact of critical factors of employee satisfactions on the employee loyalty.

H1: Employee loyalty improves if employee satisfaction from pay and rewards is enhanced.

H2: Employee loyalty improves if employee satisfaction from co-workers is enhanced.

H3: Employee loyalty improves if employee satisfaction from management is enhanced.

H4: Employee loyalty improves if satisfaction from work environment is enhanced.

H5: Employee loyalty improves if satisfaction from supervisor is enhanced.

Methodology

The survey is composed of questions relating to employee satisfaction and loyalty. The survey has been designed in a multi-item form. In the next part of the survey, a single question regarding employee's overall evaluation of organization loyalty is used. Each item related to employee satisfaction context and employee loyalty is rated on a scale, ranging from "very low" to "very high in percentage."

Five Point determinants	Very Low	Very High
Pay and Rewards	20	80
Co – Workers	40	60
Supervisor	35	65
Work Environment	30	70
Management	32	68

Definition of SMEs

In India, the enterprises have been classified broadly into two categories:

Manufacturing Service Sector.

Both categories of enterprises have been further classified into micro, small and medium enterprises based on their investment in plant and machinery (for manufacturing enterprises) or in equipments (for services enterprises). The present ceiling on investment to be classified as micro, small or medium enterprises is as under:

Classification of Micro, Small and Medium Enterprises

Classification	Investment Ceiling for Plant, Machinery or Equipments	
	Manufacturing Enterprises	Service Enterprises
Micro	Upto Rs.50 lakh	Upto Rs.20 lakh
Small	Above Rs.50 lakh & upto Rs.10Cr.	Above Rs.20 lakh & upto Rs.5Cr.
Medium	Above Rs.10Cr. & upto Rs.30Cr.	Above Rs.5 Crs. & upto Rs.15Cr.

Profile of the Coimbatore district:

Coimbatore district is situated along the famed Western Ghats and abound with phenomenal entrepreneurial appetite.

The sample of the study was selected randomly from the database of (CODISSIA) Coimbatore District Small Scale Industries Association. Since Coimbatore is the Leader in implementing progressive quality management practices. The Small and Medium Engineering and Textile units have been the engine of economic growth and have generated the large volume of export revenues. Although one can argue that a focus on a single industry may make the results less generalizable, we had ensured a high level of internal validity in this study. Furthermore, within the SME Segment it there exists several different manufacturing environments and product types making the sample more diverse than what can be expected for a homogenous sample. The survey was focussed on 100 SME units. In the survey, 160 Middle Level employees and 85 operator level employees were chosen as Survey Targets. There was a very high response rate of 82% and the statistical analysis was conducted on 245 responses from 100 SME Units.

As Discussed, It is a widely accepted fact that employee satisfaction is an important aspect for the success of any organization, be it an SME or a Large corporate entity. This study focused and analyzed employee satisfaction and the factors among SMEs affecting overall loyalty of the employees. Five factors have been chosen namely pay and rewards, co - workers, supervisors, work environment and management. The study denotes that there is a positive relationship between employee satisfaction and overall employee loyalty. The findings show that there is a positive relationship between all these five factors of employee satisfaction and employee loyalty. However, among these factors, pay and Rewards was found to be the most important criterion followed by management and work environment. In contrast, co - workers and supervisors have comparatively less impact on overall employee loyalty. Empirical survey based studies are seldom independent of limitations. This study is no exception. A sample size of 245 was used for this study. This necessitated the use of summated scales for each of the components of employee satisfaction in terms of a single item. Despite the above limitations we believe that this study fills the gaps. This is especially true in advanced and emerging markets. To have a sustainable employee satisfaction and loyalty specifically in SMEs, healthy human resource practises are essential.

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